

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:
**THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,**
as representative of
**THE COMMONWEALTH OF PUERTO RICO, *et
al.*,**
Debtors.¹

PROMESA
Title III
No. 17 BK 3283-LTS
(Jointly Administered)
**This filing relates to the
Commonwealth.**

**REPLY OF THE COMMONWEALTH OF PUERTO RICO
TO RESPONSES FILED TO FIFTY-NINTH OMNIBUS OBJECTION
(NON-SUBSTANTIVE) TO DUPLICATE BOND CLAIMS**

To the Honorable United States District Judge Laura Taylor Swain:

The Commonwealth of Puerto Rico (“Commonwealth”), by and through the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the representative of the Commonwealth pursuant to Section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),² files this reply (the “Reply”) in support of the *Fifty-Ninth Omnibus Objection (Non-Substantive) of the Commonwealth of Puerto Rico to Duplicate Bond Claims* [ECF No. 7292] (the “Fifty-Ninth Omnibus Objection”). In support of this Reply, the Commonwealth respectfully represents as follows:

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the “Commonwealth”) (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA” and together with the Commonwealth, COFINA, HTA, and ERS, the “Debtors”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² PROMESA is codified at 48 U.S.C. §§ 2101–2241.

1. On June 6, 2019, the Commonwealth filed the Fifty-Ninth Omnibus Objection seeking to disallow certain proofs of claim that are partially duplicative of one or more master proofs of claim asserted against the Commonwealth on behalf of the holders of certain bonds (collectively, the “Duplicate Bond Claims”), each as listed on Exhibit A thereto. As set forth in the Fifty-Ninth Omnibus Objection and supporting exhibits thereto, each of the Duplicate Bond Claims asserts, in part, liabilities associated with one or more bonds issued by AFICA³, the Children’s Trust, ERS, HFA, HTA, PRASA, PBA, PRCCDA, PRIDCO, PRIFA, PRPFCCA, PRMFA, and UPR. Such portion of the Duplicate Bond Claims is duplicative of one or more Master Claims, which were filed in the Commonwealth Title III Case by the fiscal agent and/or trustee for the bonds.

2. Any party who disputed the Fifty-Ninth Omnibus Objection was required to file a response by 4:00 p.m. (Atlantic Standard Time) on July 9, 2019, in accordance with the Court-approved notice attached to the Fifty-Ninth Omnibus Objection as Exhibit C, which was served in English and Spanish on the individual creditors subject to the Fifty-Ninth Omnibus Objection, the U.S. Trustee, and the Master Service List (as defined in the *Order Further Amending Case Management Procedures* [ECF No. 7115]). See *Certificate of Service* [ECF No. 7382].

3. Two responses to the Fifty-Ninth Omnibus Objection were interposed: the *Motion in Opposition* (the “Vassey Response”) [ECF No. 7587] dated June 17, 2019, filed by Bradford C. Vassey (“Vassey”) on June 24, 2019, and an untitled response (the “Kallan Response”) [ECF No. 7862], dated July 1, 2019, filed by Evan Kallan (“Kallan”) on July 9, 2019.

I. The Vassey Response

³ Capitalized terms not defined herein shall have the meanings set forth in the Fifty-Ninth Omnibus Objection.

4. Vassey filed a proof of claim against the Commonwealth on May 17, 2018, and it was logged by Prime Clerk as Proof of Claim No. 17705 (the “Vassey Claim”). *See* Fifty-Ninth Omnibus Objection, Exhibit A, line 86.

5. Therein, Vassey does not dispute that the Vassey Claim asserts, in part, liabilities associated with bond(s) issued by PBA that are duplicative of the master proof of claim filed by the trustee of these bonds against the Commonwealth on June 27, 2018 and logged by Prime Clerk as Proof of Claim No. 62833 (the “PBA Master Claim”). Rather, the Vassey Response asserts that the Fifty-Ninth Omnibus Objection “diminishes the value of the bankruptcy estate due to the legal costs associated with the Objection, and is duplicative of a filing of the Objection to the Master Claim.” Vassey Resp. at 1.

6. As set forth in the Fifty-Ninth Omnibus Objection, Vassey will not be prejudiced by the partial disallowance of the Vassey Claim because the liabilities associated with the Vassey Claim are subsumed within the PBA Master Claim. Because Vassey does not dispute that the Vassey Claim is partially duplicative of the PBA Master Claim, the Commonwealth respectfully requests that the Court grant the Fifty-Ninth Omnibus Objection and partially disallow the Vassey Claim.

II. The Kallan Response

7. Kallan filed a proof of claim against the Commonwealth on May 18, 2018, and it was logged by Prime Clerk as Proof of Claim No. 16615 (the “Kallan Claim”). *See* Fifty-Ninth Omnibus Objection, Exhibit A, line 48.

8. The Kallan Response does not dispute that the Kallan Claim asserts, in part, liabilities associated with bond(s) issued by PRIFA that are duplicative of a master proof of claim filed against the Commonwealth by the U.S. Bank National Association (“US Bank”) with respect

to certain PRIFA Bonds, which was logged by Prime Clerk as Proof of Claim No. 13386 (a “PRIFA Master Claim”), on behalf of holders of PRIFA Rum Tax Bonds (Special Tax Revenue Bonds, Series 2005A, 2005B, 2005C, and Series 2006B). Rather, the Kallan Response asserts that Kallan’s broker informed him “that no claim was filed on my behalf,” and that Kallan was unable to obtain information from Prime Clerk regarding the “[CUSIP number of] such duplicate submission” or “the portion of the claims which will go forward.” Kallan Resp. at 1.

9. The Kallan Response submitted documentation regarding a bond issued by PRIFA bearing CUSIP number 745220JQ7. The bond bearing CUSIP number 745220JQ7 is a PRIFA Special Tax Revenue Bond, Series 2006.⁴ The PRIFA Master Claim is asserted on behalf of holders of certain PRIFA Rum Tax Bonds, including PRIFA Special Tax Revenue Bonds, Series 2006. Accordingly, the Kallan Claim asserts liabilities associated with bonds issued by PRIFA that are duplicative of the PRIFA Master Claim.

10. As set forth in the Fifty-Ninth Omnibus Objection, Kallan will not be prejudiced by the partial disallowance of the Kallan Claim because the liabilities associated with the Kallan Claim are subsumed within the PRIFA Master Claim. Because Kallan does not dispute that the Kallan Claim is partially duplicative of the PRIFA Master Claim, the Commonwealth respectfully requests that the Court grant the Fifty-Ninth Omnibus Objection and partially disallow the Kallan Claim.

11. The Kallan Response also submitted documentation regarding bonds bearing CUSIP numbers 7451455B4 and 74514LWA1 (the “Remaining Claims”). For the avoidance of doubt, the Commonwealth is not currently asserting an objection against Kallan’s claim to the

⁴ See <https://emma.msrb.org/IssueView/Details/MS29618>.

remaining claims, though it reserves the right to object to the Remaining Claims on any grounds whatsoever.

Dated: July 17, 2019

San Juan, Puerto Rico

Respectfully submitted,

/s/ Hermann D. Bauer

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